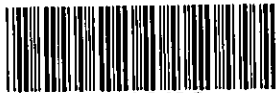


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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

OMB APPROVAL

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Washington, DC

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING October 1, 2007 AND ENDING September 30, 2008*

MM/DD/YY

MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

S.W. Childs Management Corporation

OFFICIAL USE ONLY

FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

100 Park Avenue, 27th Floor

(No. and Street)

New York

(City)

NY

(State)

10017

(Zip Code)

PROCESSED

DEC 10 2008

THOMSON REUTERS

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

William Ellis(212) 759-5588

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Rothstein Kass

(Name - if individual, state last, first, middle name)

1350 Avenue of the Americas

(Address)

New York

(City)

NY

(State)

10019

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

* Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of
information contained in this form are not required to respond
unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, William Ellis, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of S.W. Childs Management Corporation, as of September 30, 2008, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer.

W. Ellis

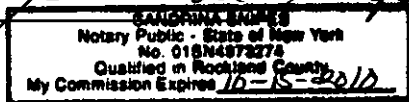
Signature

PRESIDENT

Title

Sandra S. Sipe

Notary Public



This report ** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Cash Flows.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) Independent Auditor's Report on Internal Control
- ☐ (p) Schedule of segregation requirements and funds in segregation—customers' regulated commodity futures account pursuant to Rule 171-5.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

S.W. CHILDS MANAGEMENT CORPORATION

STATEMENT OF FINANCIAL CONDITION
AND
INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2008

S.W. CHILDS MANAGEMENT CORPORATION

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Notes to Financial Statements	3-6

Certified
Public
Accountants

Rothstein, Kass & Company
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New York, NY 10019
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fax 212.730.6892
www.rkco.com

Beverly Hills
Dallas
Denver
Grand Cayman
New York
Roseland
San Francisco
Walnut Creek

Rothstein Kass

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
S.W. Childs Management Corporation

We have audited the accompanying statement of financial condition of S.W. Childs Management Corporation (the "Company") as of September 30, 2008. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of financial condition based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of S.W. Childs Management Corporation as of September 30, 2008, in conformity with accounting principles generally accepted in the United States of America.

Rothstein, Kass & Company

New York, New York
November 26, 2008

S.W. CHILDS MANAGEMENT CORPORATION

STATEMENT OF FINANCIAL CONDITION

September 30, 2008

ASSETS

Cash and cash equivalents	\$ 31,891
Cash segregated under federal regulations	276,874
Receivables from broker	10,406
Receivables from customers and directors	1,483,011
Securities owned, at market	223,012
Deferred income tax asset	32,460
Furniture and equipment, net of accumulated depreciation of \$46,418	8,839
Other assets	10,889
	<hr/>
	\$ 2,077,382

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities

Accounts payable and accrued expenses	\$ 60,302
Payable to customers and directors	1,126,568
Income tax payable	7,179
Total liabilities	<hr/> 1,194,049

Stockholders' equity

Common stock, no par value, authorized and issued, 6,000 shares	500,000
Additional paid-in capital	6,667
Less cost of treasury stock, 3,600 shares	(548,718)
Retained earnings	925,384
Total stockholders' equity	<hr/> 883,333
	<hr/>
	\$ 2,077,382

S.W. CHILDS MANAGEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

1. Nature of business and summary of significant accounting policies

Nature of Business

S.W. Childs Management Corporation (the "Company") is a registered clearing broker-dealer with the Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority ("FINRA"). The Company's customers are primarily members of the principal stockholder's family.

Cash and Cash Equivalents

The Company considers money market accounts to be cash equivalents.

Revenue and Expense Recognition from Securities Transactions

Securities transactions and the related revenues and expenses are recorded on the trade-date basis. The accounting and custody fees are recorded as earned and represent administrative services.

Securities Owned and Securities Sold, Not yet Purchased, at market

All securities owned are equities and unrealized gains and losses are reflected in revenues.

Furniture and Equipment

Furniture and equipment is stated at cost less accumulated depreciation and is depreciated on a straight-line basis using estimated useful lives of three to five years.

Income Taxes

The Company complies with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on the enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce the deferred income tax assets to the amount expected to be realized.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash segregated under federal regulations

Cash of \$276,874 was segregated in a special reserve bank account for the exclusive benefit of customers in accordance with the reserve requirements of rule 15c3-3 of the Securities and Exchange Commission. At September 30, 2008, the Company was not required under this rule to have a reserve deposit.

S.W. CHILDS MANAGEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

3. Receivables from and payables to customers and directors

Details of receivables from and payables to customers and directors at September 30, 2008 are as follows:

	Receivables	Payables
Customers	\$ 1,188,600	\$ 1,035,166
Directors	294,411	91,402
	<u>\$ 1,483,011</u>	<u>\$ 1,126,568</u>

The amounts represent balances resulting from cash and margin securities transactions. Securities owned by customers represent collateral for these receivables and are not reflected in the financial statements.

4. Net capital requirement

The Company is a member of FINRA, and is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1. This Rule requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 and that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At September 30, 2008, the Company's net capital was approximately \$730,000, which was approximately \$480,000 in excess of its minimum requirement of \$250,000. The Company's net capital ratio was 1.63 to 1.

5. Income taxes

The Company has a net deferred income tax asset consisting of the following components as of September 30, 2008:

Deferred income tax asset:	
Unrealized loss on securities	\$ 11,520
NOL Carryforward	3,300
Prepaid and accrued expenses, net	<u>17,640</u>
Net deferred income tax asset	<u>\$ 32,460</u>

S.W. CHILDS MANAGEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

5. Income taxes (continued)

The Company files its tax returns on a cash basis with a December 31 tax year. As of September 30, 2008, the Company has net operating loss carry forwards of \$22,000 available under provisions of the Internal Revenue Code to be applied against future taxable income. The loss carry forward has an expiration date of 2028.

The Company has determined that no valuation allowance on the deferred tax asset is necessary, as management believes the amount will be fully utilized. Realization of the deferred tax asset is dependent upon sufficient future taxable income during the period the deductible temporary differences and carry forwards are expected to be available to reduce taxable income.

Income tax benefit consists of the following:

Deferred	
Federal	\$ 13,910
State and local	9,590
	<u>\$ 23,500</u>

6. Financial instruments with off-balance-sheet risk

In the normal course of business, the Company engages in activities involving the execution and settlement of various securities transactions. These activities may expose the Company to off-balance-sheet risk in the event that the other party to the transaction is unable to fulfill its contractual obligations.

The Company's customer securities activities are transacted on either a cash or margin basis. In margin transactions, the Company extends credit to its customers, subject to various regulatory and internal margin requirements, collateralized by cash and securities in the customers' accounts. In connection with these activities, the Company executes and clears customer transactions involving the sale of securities not yet purchased, substantially all of which are transacted on a margin basis subject to individual exchange regulations. Such transactions may expose the Company to significant off-balance-sheet risk in the event margin requirements are not sufficient to fully cover losses that customers may incur. In the event the customer fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices to fulfill the customer's obligations. The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines.

S.W. CHILDS MANAGEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

6. Financial instruments with off-balance-sheet risk (continued)

The Company monitors required margin levels daily and, pursuant to such guidelines, requires the customer to deposit additional collateral or to reduce positions when necessary. Securities sold, not yet purchased are recorded as liabilities in the statement of financial condition and have market risk to the extent that the Company, in satisfying its obligation, may have to purchase securities at a higher value than that recorded in the statement of financial condition. The Company enters into these positions, from time to time, as it conducts its business for its customers.

The Company also clears its security transactions on an omnibus basis with another broker dealer. A substantial portion of its customer security positions are maintained in this account on a commingled basis. Should this broker default on its custodial obligations, the Company might be required to purchase securities in the open market.

7. Concentrations of credit risk

The Company maintains its cash balances in various financial institutions. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. The Company has not experienced any losses on these accounts.

8. Commitments

Pursuant to a lease agreement, the Company pays rent for office space and equipment which commenced January 1, 2008 and will expire on December 31, 2008. The annual future minimum rental commitment is \$15,750 for the year ending September 30, 2009. Rent expense under this agreement for the year ended September 30, 2008 was \$63,000.